



Delaware Energy Efficiency Investment Fund

Program Description

The Delaware Energy Efficiency Investment Fund (EEIF) provides grant money and offers loans to Delaware businesses, local governments, and non-profits that plan to make facility upgrades to lower their energy use and costs. Improving a facility's energy efficiency helps to decrease the business' operating costs, reduce energy consumption, and improve environmental performance. Specifically, the EEIF program promotes the use of energy-efficient technologies by Delaware non-residential customers whose purchase of gas or electricity from a distributor is subject to the public utility tax on gas or electricity. EEIF funding is available to perform energy assessments; take widely recognized prescriptive improvement steps; implement custom, site-specific improvements; and install combined heat and power (CHP) systems.

Program Development



The EEIF was established in 2011 when Title 29 §8030 and Title 30 §5502 of the Delaware Code were amended. According to Title 29 §8030, the Department of Natural Resources and Environmental Control (DNREC) is assigned the responsibility to manage the program and evaluate and give preference to project applications that are anticipated to produce the greatest reduction in energy consumption per Fund dollar invested, improve environmental performance, spur capital construction and facility modernization, and encourage job retention and creation. Projects should be likely to be substantially complete no later than one year following the issuance of Fund financing.

The EEIF is funded through several mechanisms, including the Delaware Public Utility Tax on commercial and industrial utilities (Title 29 §8030 and Title 30 §5502 of the Delaware Code), Regional Greenhouse Gas Initiative (RGGI) funds provided to Delaware Sustainable Energy Utility and the Department of Natural Resources and Environmental Control from auctioning emission allowances, and Public Service Commission-approved funding from the merger agreement between Exelon Corp and Pepco Holdings.

Energy Efficiency Investment Fund	FY 2019 Funding
Delaware Sustainable Energy Utility (RGGI Funds)	\$500,000
Department of Natural Resources & Environmental Control (RGGI funds)	\$1,000,000
Exelon-Pepco Merger	\$8,000,000
Public Utility Tax	\$6,200,000
Total	\$15,700,000

Initially, the EEIF consisted of three grant pathways available to non-residential entities with existing buildings, each tailored to different needs and resources: Prescriptive Pathways, Custom Pathways, and Energy Assessment Pathways. The Prescriptive Pathways option includes measures that contain familiar energy saving strategies such as advanced lighting options, high-efficiency commercial gas heating and hot water heating, and vending misers. The Custom Pathway grant option is designed to encourage non-standard energy efficiency measures, including prescribed measures bundled into a comprehensive facility upgrade that maximizes energy savings and cost-effectiveness. Typical Custom Pathways projects include steam and boiler improvements, process heat recovery, compressed air improvements, chillers, variable

speed drives, HVAC, and building envelope projects. The Energy Assessment Pathway grants are for businesses in need of technical assistance to evaluate their facilities for cost-effective energy efficiency upgrades.

In November 2017, the EEIF program established a new, focused pathway for CHP upgrades, which were previously covered under the Custom Grant Pathway. The CHP grants are applicable for systems that meet a minimum 60% annual system efficiency requirement and produce 1.0 MMBtu/hour of useful thermal output. The CHP pathway is ideal for facilities with high annual hours of operation and a high thermal load.

Specific program requirements and details include the following:

- Grants are awarded on a first-come, first-served basis.
- Projects require pre-approval prior to any equipment purchase.
- Applications are subject to pre-installation and/or post-installation inspections.
- The fund will pay \$500 per kilowatt of the installed system, up to 30% of the energy efficiency-related costs.
- Individual grants will not exceed \$500,000 without written approval from DNREC.
- New construction is not eligible for EEIF funding.
- Qualifying systems receiving an EEIF grant must have a full three-year warranty.
- The State Energy Program Revolving Loan Fund loan can be used to supplement an EEIF grant.

Eligible CHP Equipment

The following CHP system technologies are eligible for the program:

- Reciprocating engines
- Microturbines
- Steam turbines
- Gas turbines
- Fuel cells

Equipment must be new, be permanently installed, meet the minimum 60% annual efficiency requirement, and receive a full three-year warranty against component failure, malfunction, and premature output degradation. Products must be UL-listed and installed according to local, state, regional, and federal building and environmental codes. The incremental expansion of an existing CHP system is eligible, and third-party vendor contracts and power purchase agreements are eligible.

Summary of Policy Results

In 2014, a Delaware Energy Efficiency Potential Study* concluded that every \$1 invested in energy efficiency could return \$2.40 to the Delaware economy. For every \$1 invested in energy efficiency through EEIF, \$2.34 was returned to the economy in savings, aligning with the study and showing that energy efficiency is a valuable investment. With the new focused pathway in EEIF for CHP introduced in 2018, EEIF pre-approved its first CHP project in fiscal year 2019, and the project is expected to achieve savings of 14.4 million kWh of electricity and 82,690 MMBtu of natural gas.

For More Information

U.S. DOE MID-ATLANTIC CHP TECHNICAL
ASSISTANCE PARTNERSHIP (CHP TAP)
www.machptap.org

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ENVIRONMENTAL CONTROL
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* <https://documents.dnrec.delaware.gov/energy/information/Documents/Potential.Study/EEPotentialStudy.pdf>